

**Comments on draft SNA chapter:  
Chapter 26: The rest of the world accounts**

**Deadline for comments: 26 September 2008  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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This template allows you to record your comments on draft SNA chapter 26 “The rest of the world accounts” and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any or all parts of the template.

There is no file comparing existing text with draft text for this chapter because the draft is largely new text.

Save this template and send it as an attachment to the following e-mail address:  
[sna@un.org](mailto:sna@un.org)

**Part I: General comments**

In the space below, please provide any general comments. This may cover e.g. the structure of the chapter, issues missing and (lack of) consistency with other chapters of the 2008 SNA.

*General comments:*

General comment	<p>It would be useful to make more cross references to the material contained in volume 1 that is relevant for chapter 26</p> <p>The treatment of merchanting in SNA should be more elaborated; the reference in 14.74 (See chapter 26 for more on merchanting.) is not fulfilled.</p>
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## Part II: Comments on specific draft paragraphs and sections

All comments on specific draft paragraphs are welcome. They can be about e.g. scope, content and clarity. Proposing a concrete alternative text or table is also possible. For the paragraphs in separate sections, separate forms are used for providing and collecting comments (see below).

### A. Introduction (paragraphs 26.1-26.6)

General comment	
26.5	First sentence: consider following editing additions: "A <i>specific feature of the financial accounts and IIP of the international accounts is the <u>use of a functional category</u>...</i> ".

### B. Accounting principles (paragraphs 26.7-26.34)

General comment	
26.19	It would be useful to clarify why a branch is not a notional resident unit.  26.19 b (ii): please add "or merchanting" after "virtual manufacturing,"
26.24	Multi-territory enterprises: it is advisable to use in this case also the concept of notional resident unit.
26.26	Penultimate sentence: replace "sufficient" by "necessary" (" <i>Being present for one year or more in a territory or showing intention to do so is <del>sufficient</del> necessary to qualify as having a principal dwelling there.</i> ") (A household may be present for one year or more in several territories if it has several dwellings, the length of time spent in each will allow identifying the principal dwelling.)
26.27a	penultimate sentence: consider replacing "when they develop an intention ..." by "when they show intention ..."
Table 26.1	Row "transfers to relatives in home economy" in last column (Non-resident): the entry "resident – to resident transfer" should be deleted as such transfers are not recorded in the host economy.
Table 26:2	Title of the first column: Add "or balancing items" in order to cover also the row "Net operating surplus"  Row "Net operating surplus" and column "Resident enterprise": the entry "Dividends payable or reinvested earnings" should be clarified, as reinvested earnings imply always also imputed payments of dividends.  Row "Injections of funds by owners" and column "Resident enterprise": please replace "reporting economy" by "host economy"  Last row: add "or liabilities" in the entries of both last 2 columns (" <i>financial claims or liabilities</i> ")

### C. Structure of the international accounts (paragraphs 26.35-26.66)

General comment	Check the numbering of subtitles
26.46	This is the only paragraph where there is a brief reference to the existing statistics related to multinational enterprises. The issue of the special problems posed by multinationals to statistics is not mentioned and should be included somewhere in chapter 26, possibly under section E or under a specific new section.
26.50	First sentence: consider adding the underlined words " <i>... deemed to be payable to the investor, recorded in primary income account, and reinvested in the enterprise, recorded in the financial account.</i> "  Last sentence: please delete "where dividends are distributed from holding gains" as 11.27 BPM6 quotes explicitly that "exceptional payments... that are made out of accumulated reserves or sales of assets should not be treated as dividends.."
26.52-26.55	This part could be more developed, the distinction in balance of payments between general government and personal transfers could be mentioned; Government transfers could be developed with some references to Chapter 8.
26.51	second sentence: consider following rewording " <i>As a consequence, <del>fully-owned</del> subsidiaries which are fully owned by foreign investors ...</i> "
26.62	The difference between equity and debt comes not only from the difference in volatility of cash flows from the financial instrument but also from the priority of claims in the bankruptcy procedure..

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### D. International accounts functional categories (paragraphs 26.67-26.84)

General comment	Check the numbering of subtitles
26.73	3 <sup>rd</sup> sentence: replace " <i>which share a common investor that is a direct investor of at least one of the fellows</i> " by " <i>which have a common direct investor</i> ".  Last sentence: Adding the underlined word would improve the clarity: <i>Reverse investment arises when direct investment enterprises invest in their own direct investor but have no or below 10% of voting power in the direct investor</i> ".
26.74	Last sentence: delete " <i>a group of</i> " before " <i>direct investment group</i> ."
*26.71-26.76	The OECD Benchmark Definition on FDI (BD4) should be mentioned

\* Insert rows in this Word table for each paragraph on which you wish to comment.

### E. Special international accounts considerations (paragraphs 26.85-26.94)

General comment	
26.85	<p>2nd sentence: we suggest to replace "<i>portfolio investment assets and portfolio investment liabilities</i>" by "<i>or asset and liability instruments of the appropriately aggregated accounts</i>"</p> <p>3rd sentence: we prefer deleting this sentence because although the reallocation of reserve assets could be possible, the result cannot be termed 'portfolio assets' (Similarly, in principle, one could also consider reallocating the liabilities to a new category of 'liabilities held as reserve assets', but this is in practice impossible. In addition, there is also a conceptual inconsistency between general merchandise credits and debits due to goods under merchanting)</p> <p>Penultimate sentence: typo "<i>the constituent instruments <u>can</u> ...</i>"</p>

### Part III. Other specific comments

You are welcome to make other specific comments. To assist you in doing so, the following points are provided as a guide to the types of points on which you might wish to comment. Note, though, that you are not restricted to commenting on only these points.

1. Is the consistency between BPM6 and the SNA sufficiently emphasised?
2. Is the description of the functional classification in BPM6 useful and clear to non balance of payments specialists?
3. Are tables 26.1 and 26.2 helpful?

*Specific comments:*

Specific comments	
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You are also welcome to comment directly on the PDF file of the draft chapter. Please do so by using Adobe Acrobat Version 6 or 7.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to [sna@un.org](mailto:sna@un.org) requesting a version of the draft chapter that permits you to comment. To optimize your commenting tools, please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>